

# Supervisor Romaine and Councilwoman Bonner Announce Town Bond Refinance Will Save Taxpayers \$6.7 Million

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## **New bonds reduce interest rate to 2.026%, from an average of 4.2% on the old bonds**

**Farmingville, NY** - Recently, The Town of Brookhaven was successful in negotiating the refunding of its two 2007 long term serial bonds for a par amount of \$83.4 million, saving taxpayers \$6.7 million over the next 12 years. The new bonds have reduced the interest rate to 2.026%, from an average of 4.2% on the old bonds. The annual interest cost savings will be between \$500,000 and \$600,000 per year for both bonds, and will serve to offset increases in debt service related to other new borrowings. The positive result represents a significant improvement over the expected savings in February of this year, in which the Town estimated \$4.5 million in savings on the two issues. Market conditions have been quite volatile since January, and a small movement in the interest rates in either direction could have reduced the savings, or increased the savings, depending upon the day of the sale. Supervisor Edward P. Romaine made the decision to offer the new bonds to the market through a negotiated sale in order to maximize budgetary savings. The negotiated sale enabled the Town's Finance Office to take an active role in the premarketing efforts and communicating directly with the investor community. It also helped the Town achieve better than expected savings by ensuring flexibility for the timing into the market and the overall structure of the bonds. "Our conservative fiscal management policies have allowed us once again to take advantage of historically low interest rates and save taxpayers millions of dollars," said Supervisor Romaine. "I commend the Town's financial team, who are working very hard to maintain our strong position and I expect this positive trend to continue for many years to come." Councilwoman Jane Bonner, Town Board Liaison to the Finance Department said, "Unlike many other municipalities that are struggling through these tough economic times, Brookhaven's finances are getting stronger. I look forward to working with the Supervisor to assure that we continue to improve our financial position and build on the success that we have achieved in the last two years." In February of this year, Moody's Investor Services re-affirmed the Town of Brookhaven's Aa2 credit rating and improved the Town's outlook from Stable to Positive, noting that the move to a Positive Outlook is an indication that if the trend continues towards structural balance, the Town will be eligible for an upgrade. At the same time, the Town also received re-affirmation of its credit rating of AA+ and Positive Outlook from Standard & Poor's (S&P). S&P noted that they "view the town's management conditions as very strong, with strong financial practices combined with a consistent ability to maintain balanced budgets." Their positive outlook also reflects a view that "Brookhaven's budgetary performance may strengthen over the two-year horizon, while the town's debt and contingent liability position is held at least constant."

## **Division of Public Information \* Office of the Supervisor**

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